

Message Text

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PAGE 01 JAKART 07096 01 OF 02 311029Z
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R 310850Z MAY 78
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 9074
USDOC WASHDC
INFO AMEMBASSY BANGKOK
AMEMBASSY KARACHI
AMEMBASSY KUALA LUMPUR
AMEMBASSY NEW DELHI
AMEMBASSY SINGAPORE
AMCONSUL MEDAN
AMCONSUL SURABYA

UNCLAS SECTION 1 OF 2 JAKARTA 07096

SINGAPORE FOR USIMC

E.O. 11652: N/A
TAGS: BEXP, ID
SUBJC : FY 80 PROMOTION EVENT SCHEDULE-USDOC S. ASIA GROUP

REF: STATE 131482

1. SUMMARY: EMBASSY FEELS ONE-YEAR POSTPONEMENT OF
CONSTRUCTION, MINING AND MATERIALS HANDLING EQUIPMENT
(MHE) EXHIBITION MAY RESULT IN LOSS OF SIGNIFICANT
OPPORTUNITIES FOR SALES THESE FIELDS OFFERED BY
BEGINNING OF THIRD FIVE YEAR PLAN. WE URGE DOC
RECONSIDER SCHEDULING EVENT FOR APRIL 1979 IF AT ALL
POSSIBLE. WE REITERATE NEED FOR ADEQUATE PERSONNEL
SUPPORT FOR SUCH AN EVENT., WHENEVER SCHEDULED. WE
NOTE THAT NONE OF THE THEMES OF EVENTS PROPOSED
REFTEL CORRESPOND WITH EARLIER RECOMMENDATIONS OF
EMBASSY . BUSINESS EQUIPMENT APPEARS TO OFFER GOOD
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PROSPECTS AS PROMOTION THEME FOR JAKARTA. FISHING
INDUSTRY AND HOTEL/RESTAURANT EQUIPMENT DO NOT APPEAR
TO BE VIABLE THEMES. DECISION ON AVIATION SHOULD
AWAIT FURTHER INFORMATION ON REPELITA III AND PLANS FOR
NEW JAKARTA AIRPORT. SUGGEST USDOC RECONSIDER THEMES
INCLUDED IN OUR PRELIMINARY CCP FOR FY80.
END SUMMARY.

2. WE ARE DISAPPOINTED BY DECISION TO POSTPONE EXHIBITION OF CONSTRUCTION, MINING AND MATERIALS HANDLING EQUIPMENT(MHE) FROM APRIL 1979 TO APRIL 1980. WE FEEL POSTPONEMENT FROM MONTH WHEN THIRD FIVE YEAR PLAN, REPELITA III WILL BE INAUGURATED TO ONE YEAR LATER, WILL RESULT IN LOSS OF MAJOR OPPORTUNITY FOR SIGNIFICANT SALES. PURCHASES OF HEAVY EQUIPMEN BY THE GOVERNMENT AND CONTRACTORS WILL BE HEAVIEST AT THE BEGINNING OF REPELITA III AS THEY GEAR UP TO CARRY OUT PROGRAMS IDENTIFIED IN THE PLAN. PURCHASE PATTERNS ARE LIKELY TO BE ESTABLISHED AT THAT TIME WITH LATER PURCHASES BEING MADE FROM THE SAME SUPPLIERS. FURTHERMORE, APRIL 1979 IS A PARTICULARLY GOOD MONTH FOR AN EXHIBITION AS GOVERNMENT AGENCIES WILL HAVE JUST RECEIVED FUNDS FOR FY 79/80 AND WILL BE ABLE TO MAKE SOLID COMMITMENTS. RECENT USDOC- CONDUCTED MARKET RESEARCH(JAKARTA A-39,4/28/78, ON CONSTRUCTION AND PUBLIC WORKS, AND AIRGRAM ON MATERIALS HANDLING EQUIPMENT TO BE SENT SOON) IN RECOMMENDING A TRADE SHOW OF CONSTRUCTION AND MHE, NOTED THE DOMINANT ROLE OF GOVERNMENT FUNDING IN THE PROJECTS WHICH GENERATE PURCHASES OF SUCH EQUIPMENT.

3. DINAMIKA '77, IN ADDITION TO GENERATING EXCELLENT SALES, GENERATED A FAVORABLE ATMOSPHERE BY SHOWING A HEIGHTENED U.S. INTEREST IN THE INDONESIAN MARKET.
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STAGING ANOTHER SHOW IN 1979 WILL BUILD ON DINAMIKA 'S SUCCESS. POSTPONING IT TO 1980 RISKS LOSING THE MOMENTUM AND GOODWILL ALREADY GENERATED.

4. THEREFORE, THE EMBASSY REQUESTS REINSTATEMENT OF THE EXHIBITION IN APRIL 1979 IF POSSIBLE. (LETTER REFERRED TO IN PARA 2 F REFTEL NOT YET RECEIVED).

5. WE ARE UNEASY WITH PARA. 3 REFTEL WHICH SEEMS TO SUGGEST THAT SUPPORT OF EXHIBITION IN JAKARTA, AS ELSEWHERE, WILL BE LIMITED TO IMC PERSONNEL. REDUCTION IN NUMBER OF PARTICIPANTS WILL NOT REPEAT NOT PROPORTIONALLY REDUCE LOGISTICS OF MOUNTING SHOW IN JAKARTA. ORGANIZING SUCH AN EVENT THERE ALMOST REGARDLESS OF NUMBER OF PARTICIPANTS CANNOT BE DONE WITHOUT A COMPLETE STAFF IN-COUNTRY FOR ADEQUATE PERIOD OF TIME. WE DO NOT BELIEVE THAT IMC STAFF ALONE, WITH ITS MANY OTHER COMMITMENTS AND LIMITED STAFF CAN DEVOTE TIME AND MANPOWER REQUIRED FOR SUCCESSFUL EVENT IN JAKARTA. FOR FURTHER DISCUSSION OF MANPOWER REQUIREMENTS, FOR TRADE SHOW HERE SEE JAKARTA A-7, JAN.17,1978.

6. WITH REGARD PROPOSED THEMES OF TWO TRADE MISSIONS
AN TWO CATALOG SHOWS, WE NOTE THAT NONE REFLECT
SUGGESTIONS IN EITHER OUR BEST PROSPECTS FORFY 1980
(JAKARTA A-143,DEC.16,1977) OR OUR CCP-PRELIMINARY
CONTRIBUTIONS FOR FY-1980.)JAKARTA 1679)

7. FISHING INDUSTRIES TRADE MISSION, APRIL 1980:
FISHING INDUSTRIES DOES NOT APPEAR TO BE A VIABLE THEME
FOR PROMOTION IN INDONESIA. MOST OF THE MODERN SECTOR
IS DOMINATED BY JAPANESE INVESTMENT AND THEREFORE
HEVILY ORIENTED TOWARD JAPANESE PROCUREMENT. WE
BELIEVE THESE JAPANESE JOINT VENTURES WOULD HAVE LITTLE
INTEREST IN U.S. PRODUCTS. GOVERNMENT EFFORTS ARE IN
THE TRADITIONAL SECTOR AND INCLUDE SUCH PROGRAMS AS
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ESTABLISHING COOPERATIVES TO IMPROVE DISTRIBUTION
CHANNELS, IMPROVED SMALL CREDIT PROGRAMS TO STIMULATE
VILLAGE INDUSTRY, SMALL COLD STORAGE PLANTS, ETC. THESE
PROGRAMS INCLUDE LITTLE OF THE MAGNITUDE THAT WOULD
ATTRACT MEMBERS OF A TRADE MISSION. WE ALSO
NOTE THAT EVENT THIS THEME SCHEDULED SAME MONTH AS
EXHIBITION. SHOULD DATE OF EXHIBITION REMAIN FIRM, WE
WOULD BE UNABLETO HANDLE TRADE MISSION ATSAME TIME.

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UNCLAS SECTION 2 OF 2 JAKARTA 7096

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TAGS: BEXP, ID

SUBJ: FY80 PROMOTION EVENT SCHEDULE -USDOC S. ASIA GROUP

8. AVIATION TRADE MISSION, FEB.1980:

AIRCRAFT PORTION OF AVIATION THEME DOES NOT OFFER GOOD POSSIBILITIES FOR TRADE MISSION AS BOTH LARGE AND SMALL AMERICAN FIRMS ARE ALREADY REPRESENTED HERE. AVIONICS AND OTHER GROUND SUPPORT EQUIPMENT MAY OFFER SOME POSSIBILITIES INASMUCH AS INDONESIA IS CONTINUALLY UPGRADING AIRPORT FACILITIES THROUGHOUT THE COUNTRY. HOWEVER GOI PURCHASES OF AIRPORT EQUIPMENT FACE BUDGETARY RESTRAINTS WHICH HAVE KEPT THEM AT FAIRLY MODEST LEVELS. THE SECTORAL SURVEY PROJECTED A MARKET FOR AVIONICS AND GROUND SUPPORT EQUIPMENT OF ONLY \$5.5 MILLION FOR 1980. THIS MAY BE LOW, BUT IT IS TOO EARLY TO PREDICT WHAT GOVERNMENT PURCHASES IN THIS
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SECTOR WILL BE IN 1980. WHEN REPELITA III IS AVAILABLE (PROBABLY NOT UNTIL EARLY 1979) AND BLUE BOOK OF PROJECTS FOR 79/80 IS RELEASED IN MID-1979, WE MAY BE BETTER ABLE TO ASSESS THIS MARKET SECTOR. IN OUR PRELIMINARY CCP CONTRIBUTION FOR FY 1980 WE PROPOSED A SPECIALIZED, MEPD-TYPE TRADE MISSION, DIRECTED SPECIFICALLY TOWARDS THE NEW JAKARTA AIRPORT, IF AND WHEN THE TIME IS RIGHT. THERE HAVE BEEN NO FURTHER DEVELOPMENTS REGARDING THE TIMING OF THE CONSTRUCTION OF THIS AIRPORT. WE WOULD THEREFORE LIKE TO POSTPONE A RECOMMENDATION ON THIS EVENT UNTIL ADDITIONAL INFORMATION IS AVAILABLE.

9. BUSINESS EQUIPMENT CATALOG SHOW, JUNE 1980:

THE SECTORAL SURVEY FOR INDONESIA IDENTIFIED \$23.5 MILLION OF SALES OF BUSINESS EQUIPMENT IN 1975 AND REPORTED THAT MARKET GROWING AT 18 PERCENT ANNUALLY. THIS WOULD APPEAR TO BE A VIABLE THEME FOR A CATALOG SHOW.

10. HOTEL RESTAURANT CATALOG SHOW, OCT. 1979:

THE HOTEL INDUSTRY IS CURRENTLY SO OVERBUILT IN JAKARTA THAT THE LOCAL GOVERNMENT IS NOT ISSUING LICENCES FOR NEW CONSTRUCTION. DESPITE GOVERNMENT PROMOTION OF NEW TOURIST AREA AT NUSA II IN BALI, THERE IS AT PRESENT LITTLE INTEREST IN BUILDING THERE. THIS

THEME WOULD NOT APPEAR TO BE VIABLE IN INDONESIA AT
THE PRESENT TIME.

11. OUR PRELIMINARY CONTRIBUTIONS FOR FY80 CCP
INCLUDED SUGGESTIONS FOR TECHNICAL SEMINAR IN FOOD
PROCESSING AND PACKAGING EQUIPMENT, CATALOG SHOW/TECH-
NICAL SEMINAR IN METALWORKING EQUIPMENT, TRADE MISSION
FOR ELECTRIC POWER GENERATION AND TRANSMISSION SHOULD
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RESULTS OF MARCH 1979 SEMINAR AND SPECIFIC OPPORTUNITIES
JUSTIFY AND MEAD TRADE MISSION FOR JAKARTA AIRPORT
MENTIONED IN PARA 8. SUGGEST USDOC RECONSIDER THESE
THEMES FOR PROMOTION IN FY80.
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